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2 November 1953

MEMORANDUM FOR: Assistant Director, National Estimates

SUBJECT: Your Memorandum to the Director Central Intelligence, "US Economic Aid to Bolivia"

1. The receipt of your 26 October memorandum to the Director of Central Intelligence, which is entitled "US Economic Aid to Bolivia," is greatly appreciated. It has been read with interest by appropriate people in this office.

2. For your information, however, we would like to point out certain passages which appear contrary to information available to this office. Paragraph 8 of the memo states "Facing a desperate economic situation, the Paz regime pleaded for a resumption of US tin purchases. The United States refused to buy, however, until Bolivia made arrangements for compensation acceptable to the expropriated tin companies." Information available to this office shows that the United States did refuse to sign a long-term contract -- or even a one-year one -- for any tin purchases until such a compensation agreement had been made. On a spot basis, however, the United States purchased "every pound of Bolivian tin offered for sale to date" according to a 2 June 1953 public statement of Assistant Secretary of State Cabot. According to Bolivian mineral export data, American purchases totalled 7,344 metric tons of tin, valued at more than \$17,000,000, during the first six months of 1953. Furthermore, in December 1952 the United States had purchased 6-7000 tons of tin which had been mined before the October nationalization decree but while sales were under Bolivian governmental control.

3. The last sentence of paragraph 9 of your memo could give the wrong impression by implying that the American Point IV aid for the improvement of Bolivian agriculture had been granted only in the past few months. The information available here is that this recent American action consisted of more than doubling the Point IV aid, amounting to approximately \$2,000,000, already granted Bolivia for this fiscal year. Bolivia has long been receiving technical aid from the United States under the Institute of Inter-American Affairs which has since come under the control of the Foreign Operations Administration.

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4. It is suggested that another reason might have been added to paragraph 10, along the lines of "A desire to avoid charges throughout Latin America that the United States was intervening in the internal affairs of a Latin American government by forcing the downfall of the Paz regime through economic pressures."

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HUNTINGTON D. SHELDON
Assistant Director,
Current Intelligence

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